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Financial Markets Department

Minutes of the meeting of the Market Practitioners Group on Interest Rate Benchmark Reforms held via MS Teams on Tuesday, 24 April 2026 at 14:00

Minutes No. 02/2026

Present:

R Cassim	Chairperson
A Du Toit	Workstream Chairperson – Cash Markets
R Roux	Workstream Chairperson – Data Collection and Infrastructure
R Klotnick	Workstream Chairperson – Derivatives
P Burgoyne	Workstream Chairperson – Transition Planning and Coordination
K Cingo	Workstream Chairperson – Accounting and Tax
M Shongwe	Workstream Chairperson – Legal
Z Parker	Workstream Chairperson – Communications
G Raine	Association for Savings and Investment South Africa (ASISA)
E Hamman	Workstream Chairperson – Governance and Regulatory Issues
K Dikokwe	Financial Sector Conduct Authority (FSCA)
J Mol	Association of Corporate Treasurers of Southern Africa (ACTSA)
H Nyoni	Secretariat – SARB Financial Markets Department

In attendance:

N Hoosenmia	SARB Financial Markets Department
Z Gininda	SARB Financial Markets Department
P Mananga	SARB Prudential Authority
P Mjandana	SARB – Deputy Governor Cassim's Office

By invitation:

A Bhowan	Derivatives Workstream member
S Govender	SARB Prudential Authority

Apologies

B Maronoti	SARB Financial Markets Department
G Haylett	Banking Association of South Africa
M Phungo	SARB Financial Markets Department

1. **Welcome**

1.1 The Chairperson welcomed members to the second meeting of the Market Practitioners Group on Interest Rate Benchmark Reforms (MPG or Committee) in 2026.

1.2 There being a quorum present, the meeting was duly constituted.

2. **Adoption of the agenda**

2.1 The agenda was adopted as proposed, with no amendments.

3. **Confirmation of the Anti-Competitive Statement**

3.1 The Anti-Competitive Statement was noted and accepted by all members and attendees present.

4. **Approval of Minutes No. 01/2026 of the meeting held on 24 February 2026**

4.1 The minutes were accepted as a true reflection of the deliberations, with minor amendments noted.

4.2 The minutes would be published on the MPG webpage on the SARB website.

5. **Matters Arising**

5.1 MPC meeting date visibility

5.1.1 Mr Gininda noted that that the matter remained under review. There were plans to engage relevant structures within the SARB. Feedback would be provided to the MPG in due course.

5.2 ‘No new Jibar’ supervisory communication plan

5.2.1 Mr Govender highlighted the publication of Joint Communication 1 of 2026, which detailed supervisory expectations regarding the 'no new Jibar' initiative. The communication, published on 24 March 2026, was aligned to the MPG's recommendations on the matter.

5.2.2 The Prudential Authority (PA) and Financial Sector Conduct Authority (FSCA) had planned to engage the CEOs of major financial institutions and market infrastructure providers to ensure executive-level awareness and accountability.

5.2.3 Adherence to the initiative would be closely monitored through supervisory examinations and ongoing industry engagements. The aim would be to assess how institutions were implementing the MPG's recommendations. Once the results of the engagements had been synthesised, the PA and FSCA would provide feedback to the market, focusing on thematic insights and emerging industry-wide challenges.

5.2.4 Concerns were raised that current supervisory communications relating to the 'no new Jibar' initiative were primarily directed at financial institutions and did not explicitly include other key stakeholders, including National Treasury, who typically references Jibar in bond pricing.

5.2.5 It was proposed that engagement with National Treasury be enhanced, including consideration of extending relevant communications to ensure alignment with the broader transition objectives.

6. Financial Sector Regulation Act amendments: progress and risks

6.1 Mr Shongwe provided an update on the progress of the Financial Sector Regulation Act amendments. The revised bill had been submitted to the Office of the Chief State Law Advisor (OCSLA) and the Office of the Presidency. OCSLA had confirmed constitutional alignment, subject to minor drafting revisions and points of clarifications being addressed. Subject to receipt of outstanding approvals, the bill was expected to proceed through DG and ministerial cluster processes, followed by Cabinet submission and the parliamentary process, with an indicative timeline for enactment by September/October 2026.

6.2 Key risks relating to legislative delays due to elections were highlighted, with concerns about politicians' availability potentially impacting the timely passage of the bill.

6.3 In parallel, the SARB was progressing on the development of supporting notices to identify tough legacy contracts (covering bonds, structured notes, securitisations, retail home loans, and a general notice) with drafting underway in consultation with legal advisors and plans for stakeholder engagement prior to finalisation.

6.4 The Committee noted the risk that the legislative timeline may not align with the planned Jibar cessation. Members emphasised the need to consider potential trigger points for reassessing the cessation date should delays materialise. It was acknowledged that while significant progress was being made, legislative timelines remained outside of the MPG's direct control. The SARB indicated that, although current planning assumed the existing cessation timeline, there may be a need to evaluate legal risks and uncertainty as timelines evolve, with the MPG positioned to recommend adjustments if required. It was further agreed that the appropriate forum for taking forward this discussion should be clarified, with the SARB legal and working group teams to propose a suitable structure for further engagement.

7. Issues related to 'no new Jibar'

7.1 Coordination at Common Monetary Area (CMA) level

7.1.1 Ms Raine explained that asset managers in neighbouring jurisdictions (i.e., Botswana, Namibia, and Eswatini), while locally regulated, often managed mandates linked to South African entities and were therefore expected to align with the 'no new Jibar' framework. However, limited availability of ZARONIA-linked instruments - particularly in Namibia, where only one institution was identified that quoted ZARONIA deposits - poses practical challenges to implementation. Clarity was requested on how these constraints should be addressed.

7.1.2 It was noted by the SARB working group that engagements were underway with regional central banks to support coordination and alignment, and that supervisory processes would assess how South African institutions (with branches in CMA regions) managed such exposures. In the interim, members requested guidance on permissible actions. It was emphasised that any potential supervisory guidance or interpretation, including the treatment of such cases, should be issued by the PA and FSCA, and not by the MPG. It was further noted that feedback from the supervisory authorities would be communicated on an expedited basis.

7.2 Market makers’ concerns regarding impact of recent geopolitical risks

7.2.1 The Derivatives Workstream (DW) reported feedback from market participants indicating emerging concerns regarding reduced ZARONIA liquidity amid recent geopolitical developments, as well as uncertainty around the extent to which offshore participants would align with the ‘no new Jibar’ initiative. Given the volatile trading conditions globally, market participants had expressed a preference for the more liquid Jibar-referenced instruments rather than ZARONIA-based products. While ZARONIA adoption continued to increase on an aggregated basis, it remained significantly below Jibar levels. Sustained liquidity build is critical to maintaining the integrity and credibility of the transition timeline.

7.2.2 Members emphasised that the ‘no new Jibar’ milestone remained a key mechanism to accelerate transition and mitigate the risk of a disorderly “cliff effect” at cessation. Accordingly, it was agreed that the current approach would be maintained, with the existing milestone retained in its current form. Ongoing engagement with market participants would continue, including targeted industry calls to further assess and address emerging concerns.

7.2.3 It was highlighted that the implementation of the ‘no new Jibar’ milestone was expected to support increased ZARONIA liquidity over time, as new instruments are issued and hedging activity shifts accordingly. Members further noted the potential for a temporary divergence between domestic and offshore markets, given that international participants fall outside the SARB’s jurisdiction and may not adhere to the same timelines. In this regard, it was suggested that engagement with the relevant international authorities be considered to encourage broader alignment and support market liquidity. Against this backdrop, there was agreement to retain the current transition path.

8. SAFEX Overnight Rate transition

8.1 ZARONIA-SAFEX Overnight Rate spread methodology

8.1.1 Mr Burgoyne provided an update on the SAFEX overnight rate (SAFEX O/N) transition, noting that technical work on the spread calculation had been completed, with a proposed five-year historical mean between SAFEX O/N and ZARONIA. This methodology was consistent with approaches used for Jibar and Prime. Further engagement with the DW and Transition Planning and Coordination Workstream (TPCW) was required prior to finalisation and MPG endorsement. Key elements, including Credit Support Annexure (CSA) transition arrangements and the implications of benchmark regulation, remained under review, with the cessation timeline for SAFEX O/N as a benchmark expected to extend beyond Jibar cessation. It was agreed that the proposal would be refined through the relevant workstreams and presented to the MPG for consideration at a subsequent meeting.

8.1.2 It was clarified that the transition from SAFEX O/N to ZARONIA applies specifically to discounting methodologies, and does not imply the cessation of the SAFEX O/N for collateral or central counterparty (CCP) purposes. The CCP would continue to determine and publish realised overnight rates for collateral management purposes.

8.2 Johannesburg Stock Exchange's plans for the Jibar transition

8.2.1 The Johannesburg Stock Exchange (JSE) provided an update on SAFEX O/N, noting that it had been redefined as the JSE Clear Rand Overnight Deposit Rate (RODI) and clarified it as an operational rate used by the clearing house to communicate realised interest on margin collateral. The rate was not designed nor intended to function as a market benchmark beyond its clearing and collateral management purpose. The JSE confirmed its support for the transition away from SAFEX O/N as a benchmark for non-central counterparty purposes and would continue to engage with industry stakeholders to facilitate an orderly transition.

9. Recommendations for the securitisation market

9.1 Mr Du Toit presented a proposed four-phase transition approach for securitisations to mitigate potential market disruptions and asset-liability mismatches. The proposal includes: (i) limited continuation of Jibar usage post 'no new Jibar' under defined dispensations; (ii) use of a synthetic Jibar where a term ZARONIA rate is not yet available; (iii) transition to an MPG-endorsed term ZARONIA rate, at which point synthetic Jibar would be discontinued; and (iv) full adoption of term ZARONIA at reset dates. It was highlighted that the phased approach was intended to reduce the risk of abrupt valuation impacts and support an orderly transition, particularly for non-bank participants and longer-duration assets. Furthermore, the use of synthetic Jibar would serve as a temporary fallback mechanism, with flexibility retained for market participants to transition earlier where feasible.

9.2 Questions were raised about the impact on asset managers, and it was noted that securitisation exposures were typically managed as part of broader portfolios. The relatively small size of the securitisation market was not expected to pose material concerns for asset managers, including the use of multiple benchmarks during the transition. It was clarified that the proposed framework would function as an optional fallback rather than a prescribed path, allowing market participants to transition earlier where appropriate. Members also confirmed that the proposed approach includes application of a credit adjustment spread in the transition from synthetic Jibar to term ZARONIA. Technical work on the determination of synthetic Jibar in a domestic context remained ongoing.

10. CSDP money market instrument holder data requirements

10.1 The Cash Market Workstream (CMW) requested that the MPG support a formal data-sharing arrangement between Central Securities Depository Participants (CSDPs) and Strate to enable an effective transition of money market instruments. It was noted that, while the bond market transition was progressing well through established holder approval processes, challenges remained for money market instruments due to limited data visibility at Strate. Facilitating access to this information would enable Strate to coordinate the necessary processes, including consent mechanisms where required. Members supported the proposal in principle, noting that implementation requirements may vary depending on contractual frameworks, and it was agreed that a draft proposal would be circulated for further consideration.

11. **Standing agenda items**

11.1 **Jibar-related exposures monitoring**

11.1.1 Mr Hoosenmia provided an update on Jibar and ZARONIA exposures, noting that despite increased monitoring frequency through monthly surveys, Jibar exposures had remained broadly unchanged at elevated levels (above R45 trillion) over recent months. While ZARONIA adoption showed some increase following the cessation announcement, this had moderated in early 2026 and remained materially lower relative to Jibar exposures. It was further noted that a significant portion of derivative exposures continued to extend beyond the cessation date, warranting close monitoring. It was emphasised that survey data would be a key input into supervisory engagements, and participants were encouraged to provide detailed commentary to support supervisory analysis.

11.1.2 While Jibar exposures remained elevated, it was noted that a reduction could be expected following the implementation of the ‘no new Jibar’ milestone, although this would be assessed in the context of prevailing global market conditions.

11.2 **Risk register and transition timelines**

11.2.1 Mr Burgoyne summarised the five key items on the risk register, including legislative amendment finalisation, derivative liquidity uptake, term rate availability, ‘no new Jibar’ implementation, and offshore/onshore market bifurcation - noting that most risks were addressed during the meeting and that the accounting and tax papers would be discussed at the upcoming TPCW meeting and subsequently moved off the register.

11.3 **General workstream updates and issues for MPG consideration**

11.3.1 Mr Gininda raised concerns about the contractual nature of investor mandates referencing the STeFI (Short Term Fixed Interest Index) benchmark, suggesting the need for solutions to address mandate changes without widespread renegotiation. In response, the JSE indicated that work was underway to assess potential replacements for the current input methodology, including consideration of a term ZARONIA-based approach, although challenges remained given the differences between funded and unfunded rates. It was further noted that there was demand from market participants for STeFI to continue, and ongoing analysis and back-testing were being undertaken to determine an appropriate methodology.

11.3.2 Ms Hamman provided an update on the FSCA Draft Conduct Standard (requirements relating to the provision of a benchmark), noting that a revised draft was published for a third round of public consultation on 9 March 2026. The comment period was extended to 6 May 2026. This extension reflected significant changes to scope by focusing on critical and significant benchmarks only.

12. **Date of the next meeting – 12 June 2026, 09:00**

13. **Closure**

13.1 With no additional issues raised, the meeting was formally closed.

Rashad Cassim

26/06/26

DG R Cassim

Date

Chairperson:

Market Practitioners Group on the Interest Rate Benchmark Reforms